

acceded to membership in the European Union and have each engaged in initial voting participation in an official action of the European Union.

(B) **RULE OF CONSTRUCTION.**—Nothing in this paragraph may be construed as an expression by the Senate of an intent to accept as a new NATO member any country other than Poland, Hungary, or the Czech Republic if that country becomes a member of the European Union after the date of adoption of this resolution.●

CONGRATULATIONS TO COMMUNITY HOSPITAL AND NURSING HOME OF ANACONDA

● **Mr. BURNS.** Mr. President, it is my pleasure to congratulate Community Hospital and Nursing Home of Anaconda, Montana, for being listed among the top 100 hospitals in the nation in 1997. The entire staff of Community Hospital, from CEO Sam Allen on down, should be very proud of their hard work and success in caring for the Anaconda community.

This distinction is based on an annual performance measurement including patient care, operations, and financial management conducted by HCIA and William M. Mercer, Inc. The study, 100 Top Hospitals—Benchmarks for Success, looked at 1,300 hospitals with fewer than 99 acute-care beds, and Community was one of 20 that made the Top 100 from that size category.

The performance measures of the Benchmarks for Success are objective—such as risk-adjusted mortality index and expense per adjusted discharge (case mix and wage adjusted)—which means that Community Hospital's success is documented by experts in the field. I know that Community's patients and staff knew this without the performance study, but I point this out because this isn't a typical award. Community has built itself into a national model, and for that I congratulate them.●

ABRAHAM SPEECH ON BUDGET SURPLUS

● **Mr. COVERDELL.** Mr. President, I rise to share with my colleagues a speech which I believe provides a number of important ideas and policy positions we should be discussing as we enter the era of budget surpluses.

Because of strong economic growth, the Office of Management and Budget reports that we will begin running a surplus in 2001, and that surplus will total \$447 billion by 2005.

In a speech before the Detroit Economic Club on February 17, Senator ABRAHAM sought to start a dialogue on how best we as a nation could approach the upcoming and unaccustomed circumstance of budget surpluses. In my view he offered excellent suggestions on how to save Social Security, provide comprehensive tax reform and invest in infrastructure and human capital, all within the confines of a limited budget surplus.

His specific proposals, limited private investment accounts within the

Social Security system, an alternative flat tax and scholarships for low income students entering hi-tech fields, all deserve our attention. It is my hope that they will help spur fruitful debate concerning how we can best approach the new century with continued economic growth, expanding opportunity and confidence in our fellow citizens.

I ask that Senator ABRAHAM's speech be printed in the RECORD immediately following my remarks.

The speech follows.

SURPLUS POLITICS: WHAT CONGRESS SHOULD DO

By Senator Spencer Abraham

Before I begin today, I would like to say a few words about the situation in Iraq. When I last spoke here a year ago, it was under very different circumstances. Today we face an imminent crisis in the Middle East. As you know, it is entirely possible that our troops, including a member of my own staff, may soon find themselves in a combat situation. I know I speak for everyone in this room when I say how proud we are of the young people defending our country, and how much we appreciate all that they have sacrificed already. I also know that I speak for everyone here when I say that I hope and pray that we can settle this crisis through diplomatic means, without putting our troops in harm's way. But if we can't, I know we will all support them in every way possible.

THE ECONOMY

But I came here to talk about a more pleasant subject: our economy. And I think this is a pleasant subject for the simple reason that the news continues to be good. Gross Domestic Product is up 3.7 percent over last year, in real terms, that's up 16.3 percent since 1994. Inflation is down to 1.7 percent, down 27 percent since 1994. Unemployment last year averaged just 4.9 percent, down from 6.1 percent in 1994. Interest Rates are at 30 year lows, and down 20 percent from 1994. Industrial production is up 5.9 percent over last year and 14 percent since 1994. And we finally have managed to pass a balanced budget—one that includes tax cuts for working Americans.

The issue we face today, in my view, is "how can we keep this economic growth going strong into the next century?" And I think we can see the outlines of a workable program right here in Michigan. If we look back to 1990, we can see the progress we have made here in Michigan, as well as how we have made it.

In 1990, Michigan had the highest unemployment rate of any industrial state and a \$1.8 billion deficit, on a budget of only \$8 billion. Now our state is a thriving, fiscally responsible beacon for free enterprise. Since 1990 Michigan has created well over half a million new jobs, brought unemployment down to well under 4 percent, and produced balanced budgets and even a budget surplus.

How did we get here from there? John Engler became governor, and he cut taxes over 20 times, instituted a program of regulatory reforms lessening the burden of a state government on our job creators, brought spending under control and balanced the state budget.

But Governor Engler knows that you can never simply rest on your laurels, particularly when the goal is continued prosperity. That is why, if the Governor gets his way, we'll cut taxes and regulations further and expand our pro-growth policies into the next century.

On the national level we can't rest on our laurels either. The question is, how can we

best build on our recent progress? Because of strong economic growth, for the first time in recent memory we face the prospect of budget surpluses. According to the Office of Management and Budget, we will begin running a surplus in 2001, and that surplus will total \$447 billion by 2005.

SURPLUS OPTIONS

Assuming we can maintain the budgetary discipline and economic growth necessary to fully realize it, the question is, what are we going to do with this surplus? Now, just about everyone in Washington, DC has their own answer to this question. They fall into four camps. Some say that we should use it to cut taxes. Others respond that we should use it to pay down the national debt. Still others have called on us to use it to "save Social Security." Finally, a number of people have said that we should use the surplus to invest in social programs, human capital and infrastructure.

Of course, all of these answers sound good—but how we handle the specifics is very crucial.

First let's look at those who say simply "cut taxes." That sounds good. I for one believe that one of the reasons Republicans were put on this Earth was to cut taxes. But how? Do we just continue the recent approach of more targeted tax cuts, as the President suggests? Cut a tax here, create a deduction there?

Last year's tax cut was needed and welcome. But the legislation putting it into effect added or amended over 800 sections in an already complicated tax code. I question whether we should just continue down that path.

Paying down the national debt sounds appealing too. But what does it really mean? Remember, even if we use the entire projected surplus, we would only pay down less than 10 percent of the debt. And don't forget, a significant portion of the debt is held by foreign investors. Does it really make sense to use American taxpayers' dollars to make early debt payments, to foreign investors like the central banks of China, Japan and Germany?

Saving Social Security as the President suggests is a good idea too. But how we might employ a short range surplus to do it is the issue. For example, if we simply dump the budget surplus into the Social Security Trust Fund, it would only extend the life of Social Security for less than 2 years.

Which brings us to the fourth and final option: investing the surplus in social human capital and infrastructure. Again, the question is, what does this mean? Based on the President's speech and the comments of other such advocates in Washington, it means rebuilding the Great Society, restoring many of the welfare programs we reformed and launching new programs which will be impossible to end or reduce at a later date.

As my colleague Chuck Grassley says, it appears that "the era of saying that the era of big government is over, is over."

As I have said, in Washington the debate over these choices has begun. And for the most part the attitude is that they are mutually exclusive. Moreover, because too much of the early thinking takes a "business as usual" approach as described above, rather than a creative and innovative one, we aren't likely to make much progress on any front. To have impact we must think in terms of new ideas and approaches. And, a set of strong pro-growth policies must underlie any strategy for using the surplus.

If we are creative in this sense, I believe it is possible for us to attack the burdensome tax code, the looming Social Security crisis, the human capital and infrastructure challenges we confront, and our gargantuan debt, and make great progress on all fronts.